

## DECEMBER 2003 HIGHLIGHTS

A record-number 562 municipalities sent information on building permits or certificates issued in December 2003. The estimated cost of construction was \$867.5 million. Residential construction amounted to 51.9 percent of this total (\$450.1 million). Nonresidential structures accounted for 48.1 percent (\$417.4 million).

### Top Performers

Beachwood Borough had the most work. This small, Ocean County municipality had \$30.3 million of construction, \$30 million of which was for a new intermediate school. The City of Hoboken in Hudson County reported \$20.6 million. A mixed-use development with 142 apartments, shops, and parking accounted for \$15.9 million. Westwood Borough in Bergen County had \$18.7 million of construction in December; a new hospital with an estimated cost of \$18 million was the big project there. In the City of Newark, Essex County, the amount of work reported was \$16.1 million split between residential and nonresidential uses. Newark had 79 authorized housing units in December, sixth among localities. In addition, the City had several larger permits for school and office renovations. In Hudson County, the City of Bayonne reported \$15.8 million of construction. A new, 87-unit apartment complex accounted for \$13 million of this amount.

### Year to Date

Because a few municipalities still have to submit monthly building permit and certificate reports, the figures for 2003 are preliminary. Most New Jersey localities, however, have reported. An analysis of these data indicates this is another solid year for New Jersey's construction industry. The estimated cost of construction authorized by permits was nearly \$12 billion. It will likely exceed this amount when all localities have reported. This level of performance is only about \$100 million off last year's mark, a decline of just under 1 percent. The number of new houses already is higher than last year's total by 249 units. New office production is up by nearly 500,000 square feet. Retail construction is down by about 1.5-million square feet compared to last year.

There are several pronounced tendencies behind the construction industry's strong performance. *Housing construction has been a driving force.* A total of 34,838 new dwellings were authorized by permits. Housing renovations along with new home construction accounted for over \$6.5 billion between January and December 2003, 54.7 percent of all the work authorized by permits.

*Cities have led the way.* New Jersey's big cities are among the top performers in the State's construction industry. This trend has continued over recent years. Year-to-date figures show Jersey City in Hudson County at the top of all municipalities with \$322.9 million in construction in 2003. Newark follows with \$248.1 million. Atlantic City in Atlantic County, Hoboken, and the City of Elizabeth in Union County rank 5<sup>th</sup>, 6<sup>th</sup>, and 12<sup>th</sup> with \$126.7 million, \$112.7 million, and \$95.1 million in construction, respectively.

<b>New Jersey Construction Indicators: 1996-2003*</b>				
	<b>Estimated Construction Costs</b>	<b>Authorized Housing Units</b>	<b>Authorized Office Space (square feet)</b>	<b>Authorized Retail Space (square feet)</b>
<b>1996</b>	\$7,028,424,990	27,577	6,229,515	4,880,139
<b>1997</b>	\$8,346,533,144	30,017	10,409,171	5,688,955
<b>1998</b>	\$9,396,755,517	35,676	12,703,824	7,921,892
<b>1999</b>	\$10,584,167,530	37,536	13,237,891	6,229,471
<b>2000</b>	\$11,387,683,514	38,065	15,531,039	6,063,412
<b>2001</b>	\$12,007,456,630	35,680	19,134,533	7,244,833
<b>2002</b>	\$12,079,942,099	34,589	9,261,054	7,560,913
<b>2003*</b>	\$11,971,755,749	34,838	9,723,973	6,006,917
<b><i>Change Between 2002 and 2003*</i></b>				
<b>2002-2003*</b>	-\$108,186,350	249	462,019	-1,553,996
<b>Percent Change 2002-2003*</b>	-0.9%	0.7%	5.0%	-20.6%
*Figures for 2003 are preliminary.				
Source: N.J. Department of Community Affairs, 2/9/04				

*New housing has played a major role in urban redevelopment.* Another recurring tendency is the continuation of a housing boom in cities. In 2003, Newark led all municipalities with 1,730 authorized housing units. Jersey City ranked second with 969 authorized units. These cities had this same standing in 2002, when Newark issued building permits for 1,223 new dwellings and Jersey City had 907. Other cities among the top producers of new housing in 2003 were Elizabeth, ranking 5<sup>th</sup> with 649 authorized units, and Hoboken, ranking 6<sup>th</sup> with 599 authorized housing units.

*New school construction and renovations are another driving force behind the performance of the State's construction industry.* In Jersey City alone, two new schools and an alteration to an existing one accounted for nearly \$100 million of construction in 2003. Preliminary 2003 figures show the estimated cost of all new school construction and renovations total \$1.26 billion. In 2002, the estimated cost of school construction was \$902.6 million.

*State facilities built by State government agencies or instrumentalities of the State, like special-purpose authorities and colleges and universities, are also key to*

*New Jersey's construction industry.* Just over half a billion dollars was authorized for construction of State buildings. These include new dormitories, libraries, and other campus facilities for State universities and colleges throughout New Jersey. It also includes work on light-rail facilities, maintenance buildings, and train stations for NJ Transit, and expansion of the State aquarium.

<b>Construction Indicators Top New Jersey Municipalities: 2003*</b>					
<b>Municipality</b>	<b>County</b>	<b>Estimated Cost of Construction (dollars)</b>	<b>Authorized Housing Units</b>	<b>Authorized Office Space (square feet)</b>	<b>Authorized Retail Space (square feet)</b>
Jersey City	Hudson	\$322,912,488	969	378,189	83,540
Newark	Essex	248,116,866	<i>1,730</i>	236,042	16,205
Franklin Twp.	Somerset	177,377,392	568	121,117	6,335
Hoboken	Hudson	112,678,081	599	41,203	83,690
Dover Twp.	Ocean	131,418,326	262	194,254	13,640
Atlantic City	Atlantic	126,745,674	100	6,900	0
East Brunswick	Middlesex	110,386,950	338	143,932	3,868
Princeton Twp.	Mercer	108,984,189	13	116,234	12,126
Jackson Twp.	Ocean	106,811,341	590	5,088	12,100
Edison Twp.	Middlesex	99,321,148	91	240,273	20,642
Top Municipalities		1,544,752,455	5,260	1,483,232	252,146
<b>New Jersey</b>		\$11,971,755,749	34,838	9,723,973	6,006,917
*Figures for 2003 are preliminary. Italics indicate top among all municipalities. Source: N.J. Department of Community Affairs, 2/9/04					

### **New House Prices**

There were 5,389 new homes that were completed and began enrollment in a new home warranty program during the fourth quarter of 2003. The median sales price of these houses was \$315,087. This was 5 percent more than the median sales prices of new homes that began enrollment during the previous quarter. Hunterdon County had the most expensive new houses. Half of the 113 homes that began enrollment in the fourth quarter of 2003 cost more than \$591,125. Most new houses must have new home warranties. The exceptions are rental units and new houses built by their owners.

New House Prices			
Period	Number of New Houses	Median Sales Price	Percent Change in Sales Price
1996	20,903	\$183,300	
1997	21,640	\$190,000	3.7%
1998	23,884	\$209,980	10.5%
1999	24,479	\$224,496	6.9%
2000	25,058	\$231,728	3.2%
2001	23,372	\$253,670	9.5%
2002	23,647	\$274,705	8.3%
1 <sup>st</sup> Quarter 2003	4,632	\$251,056	-8.6%
2 <sup>nd</sup> Quarter 2003	5,361	\$269,900	7.5%
3 <sup>rd</sup> Quarter 2003	5,370	\$300,000	11.2%
4 <sup>th</sup> Quarter 2003	5,389	\$315,087	5.0%
Source: N.J. Department of Community Affairs, 2/9/04			